Government of
Saskatchewan

Annual Report
1998-99

Saskatchewan
Post-Secondary
Education and
Skills Training

Saskatchewan
Student Aid Fund

100-040577

Annual Report 1998-99

Saskatchewan Student Aid Fund

For the fiscal year ending March 31, 1999

Copies of this annual report are available by contacting:

Student Financial Assistance Branch
Saskatchewan Post-Secondary Education and Skills Training
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Regina SK S4P 3V7
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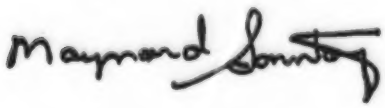
Minister's Letter of Transmittal

The Honourable Jack Wiebe
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to present the annual report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 1999. The financial statements included in the report were prepared by the Department of Post-Secondary Education and Skills Training and audited by the Provincial Auditor of Saskatchewan.

Respectfully submitted,



Maynard Sonntag
Minister of Post-Secondary Education
and Skills Training

Trustees' Letter of Transmittal

The Honourable Maynard Sonntag
Minister
Saskatchewan Post-Secondary Education and Skills Training

Sir:

On behalf of the Trustees, I have the honour of submitting the annual report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 1999.

Activities in 1998-99

Significant improvements were made to student loan programs in 1998-99 to help address several key issues highlighted by the Minister's Task Force on Student Assistance in the previous year. Three priorities were offered and accepted by the Minister of Post-Secondary Education and Skills Training:

- Adequate support to enhance accessibility to post-secondary education, particularly for students with dependent children who were experiencing undue hardship in meeting their career and educational goals under the assistance programs in place prior to this year;

- Debt prevention in an era when increasing tuition and educational costs were taxing students' resources to the limit;

- Debt repayment assistance which would be at least partially helped with a balanced approach that addresses the root of debt and the student's ability to participate in post-secondary studies.

In the same vein, reforms were also being undertaken at the federal level with the participation of students, educational institutions, banks and other private lenders and provincial and territorial governments. As a result of the Task Force and federal initiatives, the following were implemented in 1998-99:

- The allowances used in determining a student's need for assistance have been updated:
  - Students' living allowances and spousal study period contribution have been increased,
  - The parental contribution for dependent students and the minimum monthly student pre-study period contribution have been decreased, and

- The provincial government is implementing a change in the determination of need for single parent and married students with dependent children by assessing a portion of the new Child Tax Benefit as a resource.

- *Canada Study Grants* were introduced to meet the need exceeding $275 per week of study of full-time students with dependent children. Eligible students may receive a maximum of $40 per week of study if they have one or two children and $60 per week of study if they have three or more children. Part-time students with dependent children were also eligible for this grant assistance.

- *Saskatchewan Study Grants* to supplement the Canada Study Grant increased the maximum assistance available to all students with dependent children to $400 per week of study.

- *Saskatchewan Student Bursaries* replaced forgivable loans. Receipt of bursary assistance is not contingent on successful completion of studies.

- *Special Incentive Students* continued to be be eligible for remission based on successful completion of studies.

- Disabled students received additional assistance under the Special Opportunity Grant for Students with Permanent Disabilities when the federal government increased the maximum grant from $3,000 to $5,000. The provincial portion of the grant remained at $2,000, making $7,000 the total grant available.

- The federal Interest Relief Program was enhanced by introducing more lenient income threshold eligibility tables and "interest relief bridging" which will extend the period of eligibility.

Future Activities

Negotiation with the federal government on student aid initiatives will likely be in the forefront in the coming year. Of particular note are:

- *The Millennium Scholarship Program*. The Province will be administering this ten-year project on behalf of the Canada Millennium Scholarship Foundation, which is an independent agency created by the federal government to allocate the $2.5 billion endowment. Beginning in the fall of 1999 and allocated according to provincial population, scholarships will be available to post-secondary students who are needy and demonstrate merit.

- *Harmonization of the Canada and Saskatchewan Student Loans Programs*. Agreements to create harmonized student assistance programs have been signed by some provinces with the federal government. Saskatchewan is presently assessing the potential costs and benefits of a harmonized agreement with the Government of Canada.

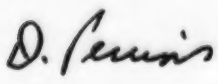
Trustees' Letter of Transmittal *(continued)*

Harmonization of the Canada and Saskatchewan Student Loans Programs would likely result in a single loan product for Saskatchewan students, with single loan certificates for negotiation with and repayment to a lender. Harmonization would benefit students by simplifying the rules and obligations of receiving assistance under the programs, with possibilities of better forms of repayment and debt relief than currently exist. There would, however, be a number of increased costs for Saskatchewan in meeting federal requirements.

Discussions with other provinces, federal government, students, educators and others with a stake in student assistance programs are ongoing, with the objective of developing initiatives which are fair and equitable and promote equality of opportunity for all Canadians, while respecting their rights and dignity in their diverse needs.

The Trustees believe that the existing internal controls provide reasonable assurance that Saskatchewan Student Aid Fund assets are safeguarded and that the financial records are reliable for preparing information and maintaining accountability for assets.

Respectfully submitted,



Dan Perrins
Trustee
Saskatchewan Student Aid Fund

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1998-99 Highlights of Saskatchewan Student Aid Fund Activities

➢ ***The number of students applying for student loans increased slightly over the previous year:***

Approximately 18,000 applications were processed by Student Financial Assistance Branch in 1998-99. In the previous year, 17,700 were processed. Of these applications, 88% received student loans. Primary reasons for rejection were:

- lack of required information (e.g., the application was incomplete and the student did not respond to inquiries);
- the student did not meet the eligibility criteria (such as applying to the wrong province for assistance); or
- the student had more resources than educational costs.

➢ ***Over the last four years, the amount of authorized* assistance has increased steadily, with the number of students assisted decreasing slightly during the same period:***

- $63,097,821 in Canada Student Loan assistance was authorized to 14,930 students in 1998-99. In the previous year 14,882 students were authorized $61,421,073. Four years ago $57,572,356 was authorized to 15,194 students.
- $49,999,434 in Saskatchewan Student Loan assistance was authorized to 14,355 students in 1998-99. In the previous year 14,338 students were authorized $45,816,075. Four years ago, $40,803,330 was authorized to 14,443 students.

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* ***Authorized loans*** *are loans* ***approved*** *for courses starting in the fiscal year* 1998-99, ***whether or not the monies were paid in that fiscal year.***

Table 1 - Summary of Loans, Awards, Benefits and Subsidies - Saskatchewan Student Assistance Program: 1998-99

	Amount
Full-time Canada Student Loans Authorized	$63,097,821
Saskatchewan Student Loans Authorized	49,999,434
Debt Reduction Benefits:	
• Saskatchewan Student Bursary Paid	267,615
• Canada Study Grant Paid	164,255
• Saskatchewan Study Grant Paid	252,934
• Remission Approved	2,350,543
Loan Forgiveness Approved	15,572,400
Special Opportunity Grants:	
• Students with Permanent Disabilities Paid	407,457
• High Need Part-time Students Paid	322,767
• Female Doctoral Students Paid	27,377
Part-time Canada Student Loans Authorized	144,704
Saskatchewan Interest Relief Plan Paid	668,302
General Proficiency Awards Paid	254,400
French Fellowship/Bursaries for French Language Bachelor of Education Students Paid	111,500
French Minority Language Travel Bursaries Paid	12,800
Queen Elizabeth II Scholarship in Parliamentary Studies Paid	10,000

1998-99 Highlights of Saskatchewan Student Aid Fund Activities

➢ ***The school sector representation in the student assistance population changed slightly from the previous fiscal year:***

- The university sector decreased from 58% to 52%.
- The private vocational school sector increased from 5% to 10%.

➢ ***The average student loan debt load has not increased significantly in the last five years:***

- In 1994-95, the average amount owing on Canada and Saskatchewan Student Loans was $13,300.
- In 1998-99, the average debt was $13,481.

These figures represent the total debt load of all students entering repayment, including those who:

- dropped out of studies;
- completed one or more years; and
- actually graduated from their programs.

➢ ***Saskatchewan Student Loan repayments to the Province were less than half of those for the previous year. Contributing factors to this reduction:***

- Students are paying off their Saskatchewan Student Loans consolidated prior to August 1, 1996 and no longer owe the Province.
- The final phase of transfer of Saskatchewan Student Loans to the Royal Bank of Canada under the *Saskatchewan Student Loans Assignment Agreement* (signed on July 7, 1997) was almost completed by March 31, 1999.
- Lender-financed Saskatchewan Student Loans are being negotiated with and repaid to the Royal Bank of Canada under the *Saskatchewan Risk Sharing Student Loans Agreement* (signed on March 12, 1996):
  - $8,034,083 in Saskatchewan Student Loan payments were received by the Province in 1998-99.
  - $19,451,498 were received by the Province in 1997-98.

➢ ***Student Aid Fund Accounts Receivable were almost 80% lower on March 31, 1999 than the previous year:***

- Student Aid Fund accounts receivable totalled $7,643,393 on March 31, 1999.
- On March 31, 1998, the amount was $35,071,673.

The primary reason for this reduction in accounts receivable is the transfer of Saskatchewan Student Loan accounts to the Royal Bank of Canada under the *Saskatchewan Student Loans Assignment Agreement*.

1998-99 Highlights of Saskatchewan Student Aid Fund Activities

➢ ***During 1998-99, the federal and provincial governments' Debt Reduction Benefits provided student loan recipients with expanded and enhanced assistance:***

For courses starting between August 1, 1998 and March 31, 1999:

- $267,615 in **Saskatchewan Student Bursary** was approved for 558 students.
- $164,255 in **Canada Study Grant** was approved for 245 students.
- $252,934 in **Saskatchewan Study Grant** was approved for 226 students.
- $2,350,543 in **Remission** was approved for 1,105 Special Incentive Students.

➢ ***Loan Forgiveness increased substantially in 1998-99 over the previous year:***

- $15,572,400 in Loan Forgiveness was approved for 5,005 students between April 1, 1998 and July 31, 1998.
- $13,761,585 was approved for 4,715 students in the previous year.

The Forgivable Loan Plan was replaced by the Saskatchewan Student Bursary starting August 1, 1998.

➢ ***More student loan borrowers received interest and repayment relief under the Saskatchewan Interest Relief Plan, while the total amount of interest paid by the Government of Saskatchewan was slightly higher in 1998-99:***

- $668,302 in interest relief was paid on behalf of 4,180 borrowers in 1998-99.
- $652,809 was paid on behalf of 3,432 borrowers in the previous year.

The Saskatchewan Student Aid Fund

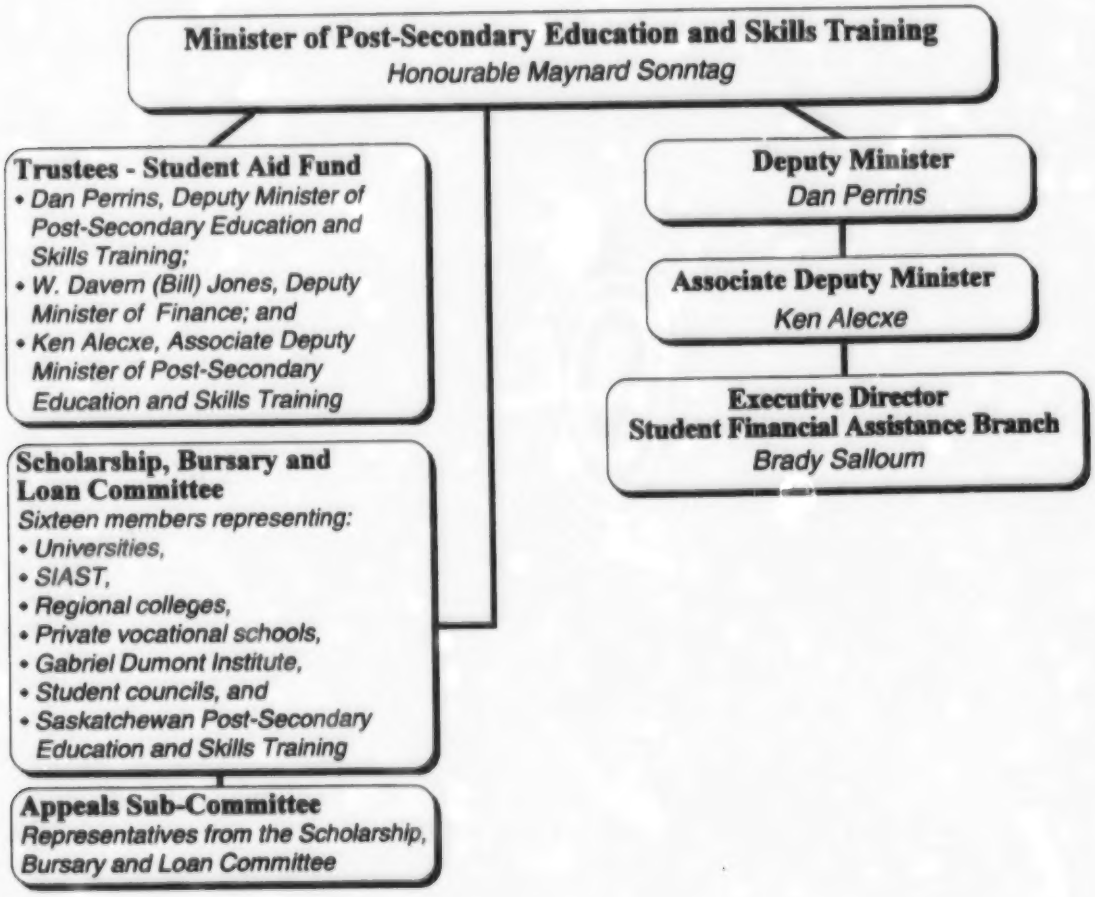
The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure that students would not be denied access to post-secondary education or training due to lack of financial means. Since then, the Fund has assisted many thousands of individuals to attain their career goals.

Organization and Administration

Authority for administration of the Saskatchewan Student Aid Fund is provided by *The Student Financial Assistance and Student Aid Fund Act, 1985* and *Regulations*. This legislation calls for:

- Three trustees to administer the Fund;
- The Scholarship, Bursary and Loan Committee to make recommendations to the Minister; and
- The department over which the Minister presides to operate the Fund.

Chart 1 - Organization and Administration of the Saskatchewan Student Aid Fund - 1998-99


Minister of Post-Secondary Education and Skills Training
Honourable Maynard Sonntag
Trustees - Student Aid Fund
• Dan Perrins, Deputy Minister of Post-Secondary Education and Skills Training;
• W. Davern (Bill) Jones, Deputy Minister of Finance; and
• Ken Alecxe, Associate Deputy Minister of Post-Secondary Education and Skills Training
Deputy Minister
Dan Perrins
Associate Deputy Minister
Ken Alecxe
Executive Director
Student Financial Assistance Branch
Brady Salloum
Scholarship, Bursary and Loan Committee
Sixteen members representing:
• Universities,
• SIAST,
• Regional colleges,
• Private vocational schools,
• Gabriel Dumont Institute,
• Student councils, and
• Saskatchewan Post-Secondary Education and Skills Training
Appeals Sub-Committee
Representatives from the Scholarship, Bursary and Loan Committee

Trustees

The Trustees of the Saskatchewan Student Aid Fund were established in 1949 under *The Student Aid Fund Act*. The present legislation, *The Student Assistance and Student Aid Fund Act, 1985*, states:

3(1) The Trustees of the Saskatchewan Student Aid Fund are continued as a body corporate and consist of:

(a) the deputy minister of the department;
(b)the deputy minister of the Department of Finance; and
(c) one person appointed by the Lieutenant Governor in Council on the recommendation of the minister.

The Trustees are required to:

(2) ...administer the fund in accordance with this Act and the regulations.

Trustee Activities in 1998-99

In 1998-99 the Trustees were:

- Dan Perrins, Deputy Minister, Saskatchewan Post-Secondary Education and Skills Training;
- W. Davern (Bill) Jones, Deputy Minister, Saskatchewan Finance; and
- Ken Alecxe, Associate Deputy Minister, Saskatchewan Post-Secondary Education and Skills Training.

The Trustees held three meetings: June 11, 1998, November 30, 1998, and March 23, 1999, in which they:

- reviewed the Fund's quarterly financial statements and approved the Student Aid Fund budget for 1998-99;
- provided input, guidance and recommendations on federal initiatives and proposals, such as the Millennium Scholarship, harmonization and program integration, as well as new income support (Employment Insurance) programs for clients taking education or training;
- discussed lender-financing activities, including the final phase of loan transfers to the Royal Bank.

Scholarship, Bursary and Loan Committee

The Scholarship, Bursary and Loan Committee was established in 1971 under *The Student Aid Fund Act*. The present legislation, *The Student Assistance and Student Aid Fund Act, 1985*, states that the Committee shall:

4.(3)(a) make recommendations to the minister concerning the development and administration of scholarships, bursaries, loans or other forms of assistance for students under any program in which financial support for students is derived:

(i) from the fund;
(ii) from grants or payments from the Minister of Finance; or
(iii) pursuant to agreements between the Government of Saskatchewan and the Government of Canada or agencies of the Government of Canada;

(b) conduct studies concerning programs of financial assistance to students and for that purpose may receive representations from governments, institutions, organizations and interested persons.

The legislation provides a total membership of 16 persons, 12 of whom are specified. The *specified* members are the following:

- The chairperson is the deputy minister of Saskatchewan Post-Secondary Education and Skills Training or a designate; in 1998-99 the Executive Director of Student Financial Assistance Branch chaired the committee.
- The vice-chairperson is an officer of the department.
- The University of Saskatchewan representation is the President or an appointee; the Emergency and Government Loans Officer of the university was the representative in 1998-99.
- The University of Regina representation is the President or an appointee; the Financial Aid Officer represented the university in 1998-99.

- Eight other representatives:
  - a representative from the department; the Manager of Provincial Training Allowance, was the representative;
  - a person representing SIAST; the Registrar of Kelsey Campus served in this capacity for 1998-99; and
  - one person representing the student councils of the following schools:
    - University of Saskatchewan;
    - University of Regina; and
    - each of the four SIAST campuses.

- In 1998-99, individuals *not specified* under the Act were appointed to represent the following:
  - private vocational schools sector;
  - Saskatchewan regional colleges;
  - Gabriel Dumont Institute of Native Studies and Applied Research; and
  - another staff member of Student Financial Assistance Branch who served as secretary of the committee.

Committee Activities in 1998-99

- The committee held two meetings: June 18, 1998 and March 2, 1999 in which they:
  - discussed federal student aid initiatives, such as federal and provincial debt reduction measures and income support programs for individuals eligible for Employment Insurance, to be implemented in the upcoming loan year;
  - reviewed the status of assignment of Saskatchewan Student Loans to the Royal Bank of Canada and evaluation of lender financing;
  - reviewed and approved the 1998-99 Saskatchewan Student Assistance Program Administrative Guidelines; and
  - appointed five committee members to serve on the Appeals Sub-Committee.

Appeals Sub-Committee

- The Appeals Sub-Committee is in place to review cases where students applying for assistance may have extenuating circumstances that would affect their assessments.

- If the sub-committee determines the circumstances are extenuating, further assistance may be granted.

- Appeals Sub-Committee Activities in 1998-99:
  - A total of 57 appeals were reviewed.
  - Additional assistance was granted in 49 (86%) of these cases.

Minister and the Department

Authority for the Minister to make awards under the Saskatchewan Student Assistance Program is provided by *The Student Financial Assistance and Student Aid Fund Act, 1985* and *Regulations*.

The Saskatchewan Student Assistance Program is an umbrella agency covering all federal and provincial loans, scholarships and awards programs funded or administered under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The Student Financial Assistance Branch administers this program on behalf of the Minister of Post-Secondary Education and Skills Training.

Branch Activities in 1998-99

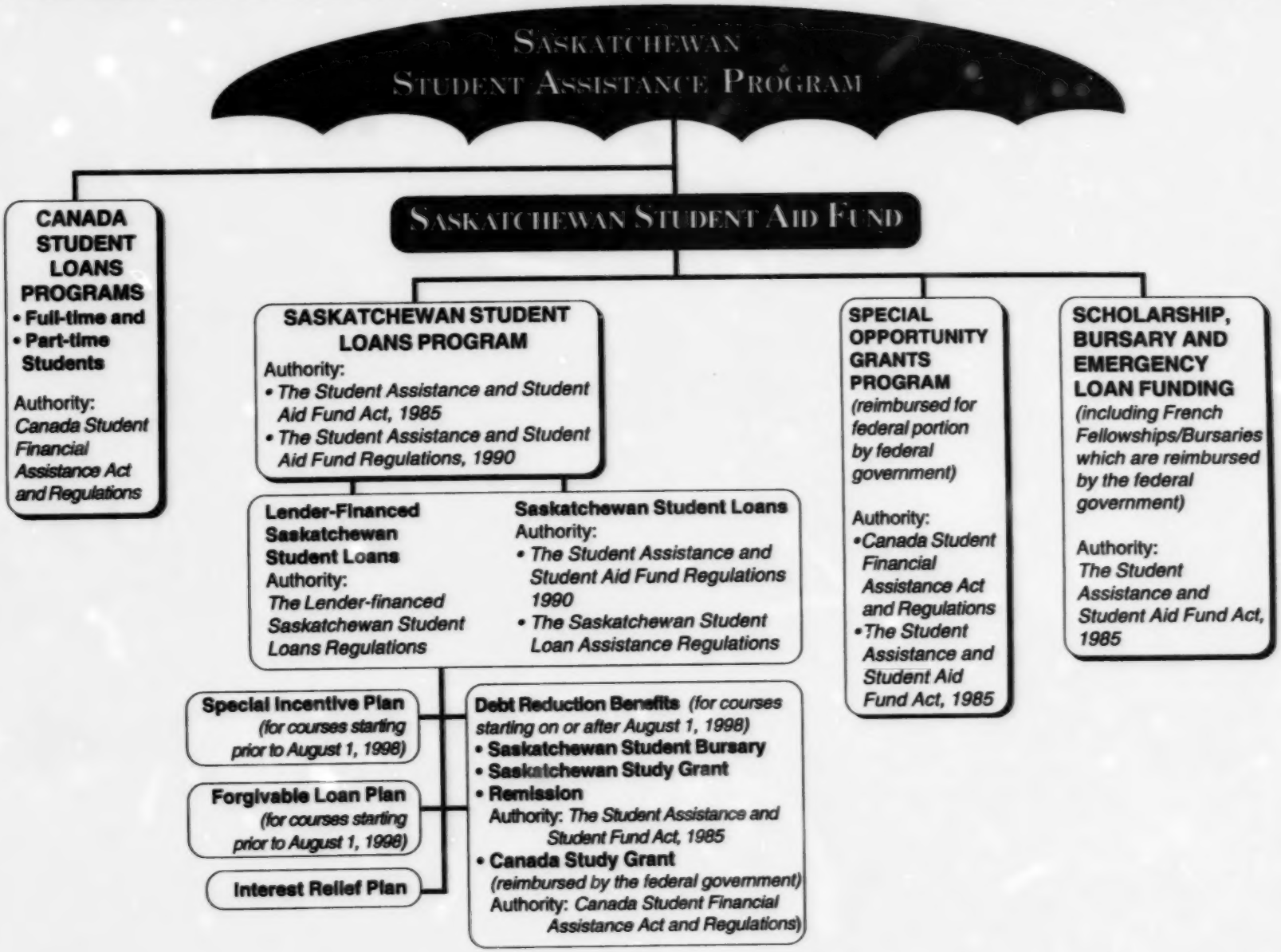
Each year, Student Financial Assistance Branch receives between 17,000 and 20,000 student loan applications. In processing these applications, Branch staff:

- Assess, review and/or reassess applications and issues the required documentation for:
  - Canada Student Loans Program for Full-time Students;
  - Canada Student Loans Program for Part-time Students;
  - Saskatchewan Student Loans Program;
  - Special Opportunity Grants for:
    - Students with Disabilities;
    - Female Doctoral Students; and
    - High Need Part-time Students;
  - Debt Reduction Benefits:
    - Forgiveness;
    - Remission;
    - Saskatchewan Student Bursary;
    - Saskatchewan Study Grant; and
    - Canada Study Grant.
- Work in partnership with the Royal Bank of Canada to provide financing for Saskatchewan Student Loans and to administer the Saskatchewan Interest Relief Plan.
- Issue all repayment documentation and carry out all financial accounting for Saskatchewan Student Loans in repayment which have not been transferred to the Royal Bank of Canada.
- Provide computer application support and services.
- Audit and verify information provided by students.
- Offer information and advisory services to students, their families, educational institutions and the general public. During 1998-99, 43 informational sessions were held for more than 4,000 people in communities all over Saskatchewan.

The Branch's other duties include the provision of:

- Support services to the Student Aid Fund Trustees, the Scholarship, Bursary and Loan Committee and other groups at the request of the Minister.
- Financial accounting requirements of the Student Aid Fund, including:
  - Provincial scholarships and bursaries and emergency loans, and
  - Federally reimbursed scholarships and awards.

Chart 2 - Saskatchewan Student Assistance Program and Governing Legislation - 1998-99


SASKATCHEWAN STUDENT ASSISTANCE PROGRAM
CANADA STUDENT LOANS PROGRAMS
• Full-time and
• Part-time Students
Authority:
Canada Student Financial Assistance Act and Regulations
SASKATCHEWAN STUDENT AID FUND
SASKATCHEWAN STUDENT LOANS PROGRAM
Authority:
• The Student Assistance and Student Aid Fund Act, 1985
• The Student Assistance and Student Aid Fund Regulations, 1990
Lender-Financed Saskatchewan Student Loans
Authority:
The Lender-financed Saskatchewan Student Loans Regulations
Saskatchewan Student Loans
Authority:
• The Student Assistance and Student Aid Fund Regulations 1990
• The Saskatchewan Student Loan Assistance Regulations
Special Incentive Plan (for courses starting prior to August 1, 1998)
Forgivable Loan Plan (for courses starting prior to August 1, 1998)
Interest Relief Plan
Debt Reduction Benefits (for courses starting on or after August 1, 1998)
• Saskatchewan Student Bursary
• Saskatchewan Study Grant
• Remission
Authority: The Student Assistance and Student Fund Act, 1985
• Canada Study Grant
(reimbursed by the federal government)
Authority: Canada Student Financial Assistance Act and Regulations)
SPECIAL OPPORTUNITY GRANTS PROGRAM
(reimbursed for federal portion by federal government)
Authority:
• Canada Student Financial Assistance Act and Regulations
• The Student Assistance and Student Aid Fund Act, 1985
SCHOLARSHIP, BURSARY AND EMERGENCY LOAN FUNDING
(including French Fellowships/Bursaries which are reimbursed by the federal government)
Authority:
The Student Assistance and Student Aid Fund Act, 1985

The Saskatchewan Student Assistance Program

Student Loan Programs

Financial assistance for post-secondary students is provided under the Canada and Saskatchewan Student Loans Programs. The two programs work in combination, and both programs are administered by Student Financial Assistance Branch on behalf of the Minister of Saskatchewan Post-Secondary Education and Skills Training and Human Resources Development Canada (HRDC). Students apply for both types of loan on the single application provided in the *Student Assistance Application Package*. To finance further years of post-secondary education with student loans, the student must submit a new application yearly.

Eligibility for Assistance

Student Financial Assistance Branch uses federal criteria to determine the applicant's eligibility for student loans. To qualify for student loans, the student must:

- be a Canadian citizen or permanent resident as defined in the *Immigration Act;*
- be a Saskatchewan resident according to program criteria;
- be enrolled as a full-time student;
- be enrolled in a program of studies leading to a degree, diploma or certificate;
- be attending a school with designated status granted by the Minister of Post-Secondary Education and Skills Training;
- be in financial need according to student loan program guidelines;

Chart 3 - Assistance Available: Students with Dependent Children, 1998-99

Class of Student	Maximum Assistance Available	Assistance Authorized	Debt Reduction Benefits	Maximum Debt Level *(for the first 170 weeks of post-secondary study)**
Special Incentive Students • all single parents • married students who are Non-Status Indian/Métis and/or Northerners	$400 per week of study	•CSL - covers 60% of assessed need to a maximum of $165 per week of study •SSL - covers remaining assessed need to a maximum of $235 per week of study	• Saskatchewan Student Bursary • Canada/Sask. Study Grants • Remission	$180 per week of study less any amount of Remission received
Regular Students • all other married students	$400 per week of study	•CSL - covers 60% of assessed need to a maximum of $165 per week of study •SSL - covers remaining assessed need to a maximum of $235 per week of study	• Saskatchewan Student Bursary • Canada/Sask. Study Grants	$180 per week of study

CSL - Canada Student Loan
SSL - Saskatchewan Student Loan

*Beyond 170 weeks (5 university academic years) of study, debt level per week of study will increase as the student will not be eligible for the Saskatchewan Student Bursary

- not be in default on a previous student loan;
- maintain a satisfactory scholastic standard to continue to be eligible for student loans;
- be receiving assistance for less than 520 weeks of study (if the first student loan was received before August 1, 1995), or for less than 340 weeks of study (if the first student loan was received on or after August 1, 1995). There is an exception to the 340 week limit for students enrolled in doctoral programs and students with permanent disabilities; and
- complete the program within the number of periods of study normally specified by the school for completion of that program, plus one additional period.

In addition to the foregoing, to qualify for Saskatchewan Student Loans, students must take their course in Saskatchewan unless:

- the program is not offered in Saskatchewan; or
- the student is enrolled in a graduate degree program; or
- the student is not able to obtain the program in Saskatchewan due to a quota system; or
- the student is not able to obtain the program in Saskatchewan because of insufficient marks for acceptance to a Saskatchewan school; or
- the student is receiving advanced post-secondary credits that will reduce the length of the program by at least one full semester; or
- the student is receiving a major scholarship that reduces the total cost of tuition by at least $1,500 below the cost in Saskatchewan; or

Chart 4 - Assistance Available: Students without Dependent Children, 1998-99

Class of Student	Maximum Assistance Available	Assistance Authorized	Debt Reduction Benefits	Maximum Debt Level *(for the first 170 weeks of post-secondary study)**
Special Incentive Students • students who are Non-Status Indian/Métis and/or Northerners	$385 per week of study	• CSL - covers 60% of assessed need to a maximum of $165 per week of study • SSL - covers remaining assessed need to a maximum of $220 per week of study	• Saskatchewan Student Bursary • Remission	$180 per week of study less any amount of Remission received
Regular Students • all other students	$275 per week of study	• CSL - covers 60% of assessed need to a maximum of $165 per week of study • SSL - covers remaining assessed need to a maximum of $110 per week of study	• Saskatchewan Student Bursary	$180 per week of study

CSL - Canada Student Loan
SSL - Saskatchewan Student Loan

*Beyond 170 weeks (5 university academic years) of study, debt level per week of study will increase as the student will not be eligible for the Saskatchewan Student Bursary

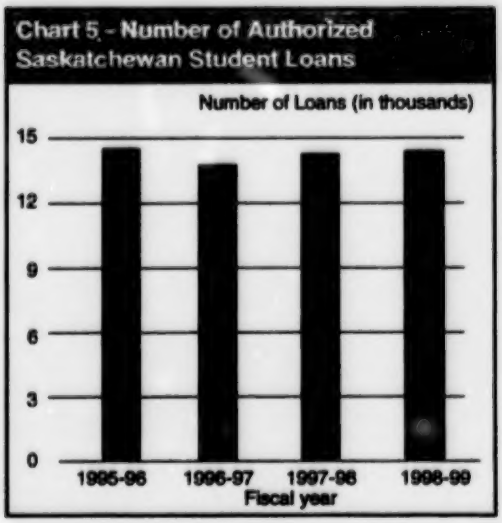
- the cost of tuition at the out-of-province school is $1,500 or more below these costs at a Saskatchewan school; or
- the student was attending a program of more than one year in length outside Saskatchewan prior to 1998-99 for which the student received Saskatchewan Student Loans and wishes to continue studies in the same program in the same school; or
- the student is an elite athlete who is a member of a Canadian Olympic or national team or has the potential to compete for Canada at the international level and must study at an out-of-province school in order to train with the national team coach headquartered at that location; or
- the student's spouse, who is also a student, qualifies for provincial assistance under one of the above criteria.

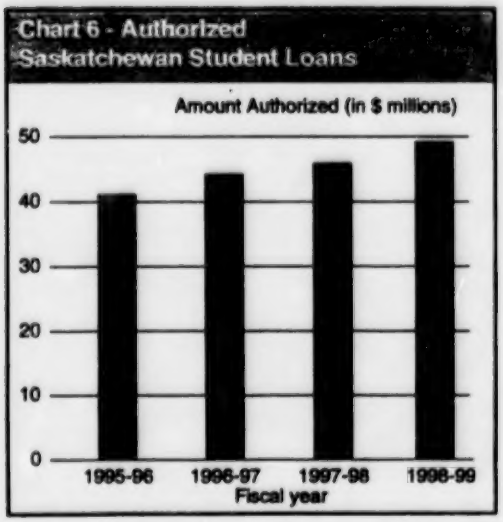
Assessing Applications

Once eligibility has been determined, the applicant's financial need for assistance is calculated by subtracting the contributions expected from the student and the student's family from the educational and living costs allowed under the program.

In Saskatchewan, assistance is authorized for full-time students initially in the form of a Canada Student Loan and a Saskatchewan Student Loan. Student Financial Assistance Branch issues loan certificates to the student, which must be negotiated with a participating lender.

Beginning in the 1995-96 loan year and under the terms of risk premium lender agreements and the *Canada Student Financial Assistance Act* and *Regulations*, several banks and credit unions are participating lenders for the Canada Student Loans Program. The Royal Bank of Canada is the sole participating lender for the Saskatchewan Student Loans Program.





Debt Reduction Benefits

For courses starting prior to August 1, 1998, debt reduction was provided under the Forgivable Loan Plan and the Special Incentive Plan. Benefits under these plans were provided by the Government of Saskatchewan through the Saskatchewan Student Aid Fund.

- Forgiveness was available to all high need students for the first 165 weeks of post-secondary study on the portion of the student loans exceeding $180 per week of study.

- Remission was an additional debt reduction measure available to students who qualified for the Special Incentive Plan. Special Incentive Students enrolled in SUNTEP/NORTEP teacher training programs were eligible for remission of all repayable loans for the first 60 weeks of post-secondary study. For all other Special Incentive Students, remission was available on repayable loans exceeding $105 per week of study for the first 60 weeks of post-secondary study.

In determining a student's eligibility for forgiveness and/or remission, all previous post-secondary study was taken into consideration, regardless of when or where it was taken or how it was financed. In addition, both grants were contingent on successful completion of at least 60% of a full course load during each period of study.

For courses starting after August 1, 1998, debt reduction is provided in the form of Saskatchewan Student Bursary, Canada and Saskatchewan Study Grants, and Remission.

- The Saskatchewan Student Bursary replaced forgiveness and is available to all students with loan assistance exceeding $180 per week of study for the first 170 weeks of post-secondary study.

- The Canada and Saskatchewan Study Grants are available to students with dependent children with loan assistance exceeding $275 per week of study for all weeks of post-secondary study.

- Remission continues to be available to Special Incentive Students under the same conditions as it was prior to August 1, 1998.

The provincial government pays debt reduction benefits to the lender on behalf of the student at the end of each study period. Payments are applied to the student's provincial loan debt and, in some cases, federal loan debt to reduce total debt load. The provincial government is compensated by the federal government for Canada Study Grants paid.

Charts 3 and 4 indicate the maximum loan and debt reduction benefits a student can receive for full-time study and the resulting maximum debt load incurred.

Chart 7 - Number of Approved Applications for Remission Subsidies on Canada Student Loans and Saskatchewan Student Loans - 1998-99

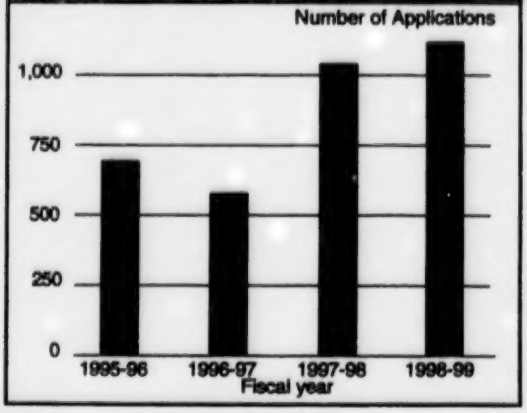
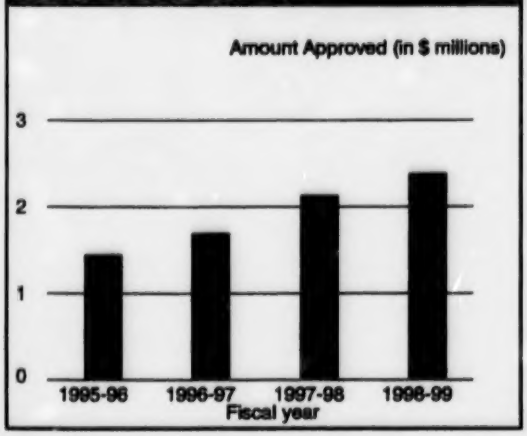


Chart 8 - Approved Remission Subsidies on Canada Student Loans and Saskatchewan Student Loans - 1998-99



Appeals and Reviews

An appeal of assessment results may be requested by a student if additional assistance is required due to unavoidable situations or exceptional circumstances during the pre-study and/or study period. The Appeals Sub-Committee, consisting of Scholarship, Bursary and Loan Committee members from student councils and post-secondary schools, is formed each year to review appeals.

A review or reassessment may be undertaken when there is a change in the information provided on the application. Reviews or reassessments are based strictly on current program criteria.

Interest-Free Status

The federal and provincial governments pay the interest on Canada and Saskatchewan Student Loans while the student is attending school full-time. The student is responsible for the interest on Canada Student Loans from the first day of the first month after the student graduates or ceases full-time study. The provincial government pays the interest on Saskatchewan Student Loans for an additional six months after the student graduates or ceases full-time study.

The student is not responsible for interest that accrues on student loans between academic years if the break is six months or less and the appropriate documentation is submitted to the lender(s).

Students who are attending school without assistance from the Saskatchewan Student Assistance Program may keep any federal and provincial student loans in interest-free status during their academic periods by submitting appropriate documentation to their lender(s)

Chart 9 - Percentage of School Sector Representation in the Student Assistance Population: 1998-99

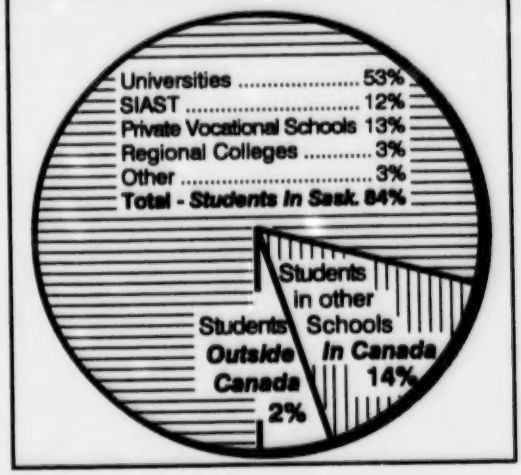
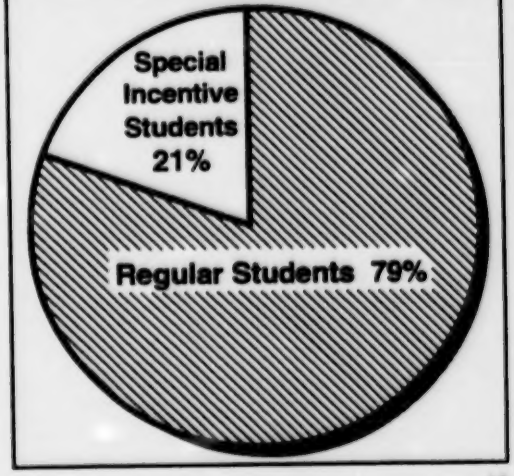

Universities 53%
SIAST 12%
Private Vocational Schools 13%
Regional Colleges 3%
Other 3%
Total - Students In Sask. 84%
Students in other Schools In Canada 14%
Students Outside Canada 2%

Chart 10 - Percentage of Regular and Special Incentive Plan (SIP) Students: 1998-99



Repayment of Student Loans

Students must make arrangements to repay their Canada and Saskatchewan Student Loans within six months after ceasing full-time study with the participating lender(s) holding their loans.

Options are available to students who are unable to meet the repayment terms of their loan agreements. The lender may revise the terms of the agreement or interest and repayment relief may be provided under the federal and provincial interest relief programs.

The Saskatchewan Interest Relief Plan is available to students with Saskatchewan Student Loans in repayment to the participating lender or to the Saskatchewan Student Aid Fund. During approved periods of interest relief, the student is not required to make loan repayments and the Government of Saskatchewan pays the interest that accrues on the loan. Interest relief is approved in three-month periods with a lifetime maximum of 18 months. These periods are in addition to the six month interest-free grace period following studies before the student is required to begin repayment.

Audit and Verification

All information supplied by applicants is subject to audit and verification.

Four types of audits are performed by the Branch's Audit Unit:

- Electronic audits comparing the loan application's information against data bases at other government agencies;
- Referral audits on files forwarded to the Audit Unit for investigation by third parties;
- Randomly selected post-audits; and
- Fraud investigations resulting from any of the previous types of audits.

The provision of false or misleading information by applicants, spouses, parents or guardians may result in prosecution under the *Canada Student Financial Assistance Act*, *The Student Assistance and Student Aid Fund Act, 1985* and/or the *Criminal Code of Canada*.

Assignment of Saskatchewan Student Loans in Repayment

On July 7, 1997, the *Saskatchewan Student Loans Assignment Agreement* was signed by the Royal Bank of Canada and the Province of Saskatchewan. Under this agreement, certain Saskatchewan Student Loans in good standing in repayment to the Saskatchewan Student Aid Fund were transferred to the Royal Bank of Canada for the remainder of their repayment terms. Transfers began on October 1, 1997 and are scheduled to be completed by December 31, 1999. Students with transferred loans retain all the rights they had prior to the transfer.

Assistance for Students with Special Needs

Students with Permanent Disabilities:

As part of the Canada Student Loans Program, three types of assistance are available for students with permanent disabilities to assist them in meeting their training/education goals:

- Canada Student Loan (federal funding for full-time and part-time students);
- Special Opportunity Grant (federal/provincial funding for full-time and part-time students); and
- Permanent Disability Benefit (federal loan forgiveness).

Canada Student Loan

To qualify for any of the above assistance, students must be eligible for Canada Student Loans and:

- have a disability of a permanent nature which limits physical or mental ability to perform the daily activities necessary to participate fully in post-secondary studies or in the labour force; and
- be able to provide proof of the disability along with a completed student loan application.

For full-time Canada Student Loan assistance for students with permanent disabilities, students must:

- have received loans for no more than 520 weeks of study; and
- be enrolled in, and successfully complete, a course load which is at least 40% of a full-time course load.

Special Opportunity Grant for Students with Permanent Disabilities

The Special Opportunity Grant for Students with Permanent Disabilities provides a maximum of $7,000 ($5,000 federal and $2,000 provincial assistance) per year to a limited number of Saskatchewan students to cover exceptional expenses directly related to the students' permanent disabilities.

To be eligible, a student must:

- be permanently disabled and provide proof of permanent disability;
- be enrolled in post-secondary studies at a designated institution;
- have applied for a student loan and a Special Opportunity Grant for Students with Permanent Disabilities and have been assessed as having need for this assistance under the criteria of the programs;
- not be in default on a Canada Student Loan.

These grants are provided on a first-come, first-served basis.

Permanent Disability Benefit

The federal government offers a permanent disability benefit if a student with a disability is unable to repay his or her Canada Student Loan without exceptional hardship, despite amendments to the repayment provisions. If the student's application is approved, the Canada Student Loan is repaid to the lender on behalf of the student.

Part-time Students:

The following types of assistance are available to part-time students attending designated post-secondary schools:

- Special Opportunity Grant for High Need Part-time Students;
- Part-time Canada Student Loan; and
- Canada Study Grant.

To be eligible, the student must be enrolled in a course of study that is 20% - 59% of a full course load or, if permanently disabled, be taking 20% - 39% of a full course load.

Special Opportunity Grant for High Need Part-time Students

This grant provides a maximum of $2,000 ($1,200 in federal and $800 in provincial assistance) per year to a limited number of high need students who are enrolled in part-time studies because they are unable to carry 60% of a full course load for one or more of the following documented reasons:

- They are single parents and/or social assistance recipients with family responsibilities; or
- They are responsible for the care of one or more dependants who are elderly and/or have a disability.

These grants are awarded on a first-come, first-served basis and are meant to cover direct educational costs.

Part-time Canada Student Loans Program

The Canada Student Loans Program provides interest-bearing loan assistance to part-time students who have cash flow problems and are unable to raise sufficient cash to pay immediate educational expenses such as tuition, books, instruments, transportation, child care and miscellaneous expenses. The maximum amount of outstanding loan principal allowed is $4,000.

Students negotiate these loans with one of the participating lenders for the Canada Student Loans Program and must begin making interest payments on the loan 30 days after receiving the funds.

A student receiving a Special Opportunity Grant for High Need Part-time Students may also be eligible for a Part-time Canada Student Loan if the grant does not meet the student's total assessed need.

Canada Study Grant

Part-time students who receive a Special Opportunity Grant for High Need Part-time Students and/or a Part-time Canada Student Loan, and who have dependent children, may be eligible for a Canada Study Grant. This grant provides a maximum of $40 per week of study for students with one or two children or a maximum of $60 per week of study for students with three or more children.

Women in Non-traditional Doctoral Studies:

The Special Opportunity Grant for Women in Non-traditional Doctoral Studies provides a maximum of $5,000 ($3,000 in federal and $2,000 in provincial assistance) per year to a limited number of women doctoral students studying full-time in non-traditional fields of study (where women have been traditionally underrepresented).

Students must establish need for assistance by applying for student loans and submitting a completed Application for Special Opportunity Grant for Female Doctoral Students.

These grants are awarded on a first-come, first-served basis. However, once students have received their first grant, they may be given priority status to receive grants in subsequent, but not necessarily consecutive, years to a maximum of three years.

Scholarship, Bursary and Emergency Loan Funding

A variety of scholarship and award programs for post-secondary students are funded through the Saskatchewan Student Aid Fund.

General Proficiency Awards

The General Proficiency Awards encourage and recognize scholastic achievement of students graduating from Grade 12 in Saskatchewan who will be continuing studies at the post-secondary level.

Federal Provincial Awards

The Saskatchewan Student Aid Fund is reimbursed by the federal government for these awards.

French Fellowship/Bursaries for French Language Bachelor of Education Students

These fellowships/bursaries:

- provide Anglophone post-secondary students with an opportunity for immersion in a French milieu; and
- encourage Francophones to pursue their post-secondary studies in French in disciplines that are not offered within Saskatchewan.

Fellowships to a maximum of $1,000 are available to students registered in approved programs in French at a Saskatchewan university or outside Saskatchewan if the programs are not available in French in the province.

Bursaries to a maximum of $2,000 are available to students enrolled in:

- the French language Bachelor of Education program at the University of Regina, or
- the Bachelor of Education After Degree (B.E.A.D.) program at the University of Regina.

French Minority Language Travel Bursaries

These bursaries:

- are intended to enable French minority language students who cannot pursue their post-secondary studies in their own language in Saskatchewan to study elsewhere in Canada; and
- provide the cost of one economy round trip per semester of full-time studies from the student's place of residence to the post-secondary institution chosen.

Queen Elizabeth II Scholarship in Parliamentary Studies

The Queen Elizabeth II Scholarship was announced during the October, 1987 visit by the Queen and Duke of Edinburgh. One $10,000 scholarship is awarded annually for graduate or post-graduate study of Saskatchewan politics and government at either of Saskatchewan's universities.

D. R. Simmons Memorial Scholarships

Two D.R. Simmons Memorial Scholarships of $500 are available annually to graduating Grade 12 students of First Nations or Métis ancestry who are continuing studies at the post-secondary level.

James Dickson Scholarship

One James Dickson Scholarship of $500 is available annually to a graduating Grade 12 student of black ancestry. If no award is made during one year, two awards may be made during the following year.

Doreen Kronick Matching Scholarship

One Doreen Kronick Scholarship of $500 is available in Canada each year to recognize the scholastic achievement of a full- or part-time graduate student studying in an area which will enable the student to help individuals with learning disabilities. Saskatchewan Post-Secondary Education and Skills Training will award an additional $500 if the recipient is a Saskatchewan resident attending a Saskatchewan university.

Fuhrmann Emergency Loan Program

This program was established with a $12,000 donation from the Fuhrmann family of Regina to provide short-term loans of up to $400 per student during any twelve month period for full-time studies at SIAST. The loans are interest-free if repaid within 90 days.

Statistical Summary of Saskatchewan Student Assistance Program Activity

Table 2 - Full-time Canada Student Loans: 1989-90 to 1998-99

Fiscal Year	Number of Loans	Amount Authorized*
1989-90	19,070	$54,122,900
1990-91	18,319	54,410,115
1991-92	16,849	53,114,897
1992-93	16,568	54,725,675
1993-94	15,802	51,349,700
1994-95**	15,709	56,482,368
1995-96	15,194	57,572,356
1996-97	14,745	61,329,458
1997-98	14,882	61,421,073
1998-99	14,930	63,097,821

Table 3 - Saskatchewan Student Loans: 1989-90 to 1998-99

Fiscal Year	Number of Loans	Amount Authorized*
1989-90	14,138	$44,569,293
1990-91	13,695	43,060,228
1991-92	13,179	41,636,257
1992-93	13,181	44,494,756
1993-94	12,764	43,020,980
1994-95**	14,995	40,299,114
1995-96	14,443	40,803,330
1996-97***	13,886	44,364,852
1997-98	14,338	45,816,075
1998-99	14,355	49,999,434

** **Authorized loans** are loans **approved** for courses starting in the fiscal year indicated, **whether or not the monies were paid in that fiscal year.***

*** Beginning August 1, 1994, 60% of a student's assessed need was authorized in Canada Student Loan with the remainder authorized in Saskatchewan Student Loan.*

**** Implementation of Lender-financed Saskatchewan Student Loans for courses starting August 1, 1996 or later.*

Table 4 - Sask. Student Loans Repayments Received by the Student Aid Fund: 1989-90 to 1998-99

Fiscal Year	Amount
1989-90	$6,031,377
1990-91	7,168,855
1991-92	8,525,017
1992-93	11,010,113
1993-94	13,894,474
1994-95*	15,345,972
1995-96	17,969,682
1996-97	22,535,352
1997-98**	19,451,498
1998-99	8,034,083

** Adjusted retroactively to conform to 1996 accounting policy.*

*** Beginning October 7, 1997 some Saskatchewan Student Loans in repayment were transferred to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement.*

Table 5 - Total Amount of Sask. Student Aid Fund Loan Accounts Receivable, as of March 31 of Each Fiscal Year: 1989-90 to 1998-99

Fiscal Year	Amount
1990	$40,712,082
1991	43,475,169
1992*	63,540,081
1993	73,849,825
1994	79,623,023
1995**	81,179,231
1996	86,087,979
1997***	52,105,084
1998****	35,071,673
1999	7,643,393

** Adjusted retroactively to conform to 1993 accounting policy.*

*** Adjusted retroactively to conform to 1996 accounting policy.*

**** Lender-financed Saskatchewan Student Loans implemented for courses starting August 1, 1996 or later are negotiated and repaid to the Royal Bank.*

***** Beginning October 7, 1997 some Saskatchewan Student Loans in repayment were transferred to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement.*

Table 6 - Approved Sask. Student Bursary Debt Reduction Benefit: 1998-99

Year	Number of Bursaries	Amount Approved
1998-99*	558	$267,615

** From August 1, 1998 to March 31, 1999.*

Table 7 - Approved Canada Study Grant - Debt Reduction Benefit: 1998-99

Year	Number of Grants	Amount Approved
1998-99*	245	$164,255

** From August 1, 1998 to March 31, 1999.*

Table 8 - Approved Sask. Study Grant - Debt Reduction Benefit: 1998-99

Year	Number of Grants	Amount Approved
1998-99*	226	$252,934

** From August 1, 1998 to March 31, 1999.*

Table 9 - Remission Subsidy Approvals on Canada Student Loans and Sask. Student Loans*: 1989-90 to 1989-99

Year	Number of Loans	Amount Approved
1989-90	1,720	$8,110,929
1990-91	1,720	7,721,378
1991-92	1,458	5,835,096
1992-93	1,291	3,088,657
1993-94	961	2,144,130
1994-95	700	1,496,877
1995-96	705	1,481,779
1996-97	572	1,671,950
1997-98	1,025	2,102,122
1998-99**	1,105	2,350,543

** Saskatchewan Student Loans include the former Saskatchewan Student Loans Program, Saskatchewan Supplementary Loans Program, the Saskatchewan Student Loans Program and Lender-financed Saskatchewan Student Loans.*

***Remission subsidies were provided as a Debt Reduction Benefit, effective August 1, 1998.*

Table 10 - Loan Forgiveness Approvals on Sask. Student Loans - 1989-90 to 1998-99

Year	Number of Students	Amount Approved
1989-90	4,063	$10,426,459
1990-91	3,945	10,334,039
1991-92	3,807	9,788,040
1992-93	4,203	9,702,555
1993-94	4,669	10,298,765
1994-95	4,456	9,198,831
1995-96	4,206	10,334,146
1996-97	3,734	10,436,464
1997-98	4,715	13,761,585
1998-99*	5,005	15,572,400

** Includes the period from April 1, 1998 to July 31, 1998. Loan forgiveness was replaced and enhanced by Saskatchewan Student Bursary - Debt Reduction Benefit starting August 1, 1998.*

Table 11 - Special Opportunity Grant for Students with Permanent Disabilities: 1995-96 to 1998-99

Year	Number of Grants	Amount Authorized*
1995-96	63	$235,552
1996-97	103	320,978
1997-98	107	340,175
1998-99	114	407,457

**Grants are cost shared by the federal and provincial governments.*

Table 12 - Special Opportunity Grant for High Need Part-time Students: 1995-96 to 1998-99

Year	Number of Grants	Amount Authorized*
1995-96	48	$83,932
1996-97	132	174,106
1997-98	217	295,831
1998-99	227	322,767

**Grants are cost shared by the federal and provincial governments.*

Table 13 - Canada Student Loans Program for Part-time Students: 1989-90 to 1998-99

Year	Number of Loans	Amount Authorized
1989-90	116	$115,513
1990-91	54	45,914
1991-92	68	77,780
1992-93	70	79,412
1993-94	89	94,307
1994-95*	51	73,858
1995-96	96	112,274
1996-97	54	76,842
1997-98	86	116,233
1998-99	105	144,704

**The limit on outstanding principal was increased to $4,000 from $2,500 beginning August 1, 1994.*

Table 14 - Special Opportunity Grant for Female Doctoral Students: 1995-96 to 1998-99

Year	Number of Grants	Amount Authorized*
1995-96	3	$12,129
1996-97	12	39,199
1997-98	6	16,484
1998-99	7	27,377

**Grants are cost shared by the federal and provincial governments.*

Table 15 - Sask. Interest Relief Plan - Interest and Repayment Relief: 1989-90 to 1998-99

Year	Number of Borrowers on Interest Relief	Interest Paid*
1989-90	791	
1990-91	1,582	
1991-92	1,720	$309,749
1992-93	3,336	642,290
1993-94	3,302	746,950
1994-95	3,034	747,322
1995-96	3,099	804,454
1996-97	2,952	730,738
1997-98**	3,432	652,809
1998-99**	4,180	668,302

** Figures not available for 1989-1991*

*** Figures include interest paid on Lender-financed Saskatchewan Student Loans held by Royal Bank as well as interest relief on Saskatchewan StudentLoans held by the Province.*

Table 16 - General Proficiency Awards* 1989-90 to 1998-99

Year	Number of Awards	Total Amount Awarded
1989-90	407	$259,600
1990-91	393	253,000
1991-92	519	257,300
1992-93	509	261,300
1993-94	631	252,600
1994-95	645	253,000
1995-96	648	259,200
1996-97	629	251,600
1997-98	644	257,600
1998-99	636	254,400

**Includes Saskatchewan Awards Program which was in effect prior to 1993-94.*

Table 17 - French Language - Federal-Provincial Awards*: 1989-90 to 1998-99

Year	Number of Awards/Units	Total Amount Awarded
1989-90	641	$615,141
1990-91	689	516,044
1991-92	614	511,661
1992-93	398	429,944
1993-94	539	420,076
1994-95	236	302,186
1995-96	309	174,610
1996-97	247	152,757
1997-98	216	143,996
1998-99	218	124,300

**Includes: French Language Teacher Bursary Program, French Language Study Fellowships, French Minority Language Travel Bursaries, Bursaries for French Language Bachelor of Education Students.*

Management's Responsibility for Financial Statements

The accompanying financial statements included in the 1998-99 Saskatchewan Student Aid Fund Annual Report are the responsibility of Student Financial Assistance Branch, Saskatchewan Post-Secondary Education and Skills Training, and have been approved by the Student Aid Fund Trustees. The Branch has prepared these financial statements in accordance with generally accepted accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Regina, Saskatchewan
June 4 1999

Brady Salloum

Brady Salloum
Executive Director,
Student Financial Assistance Branch

Provincial Auditor's Report

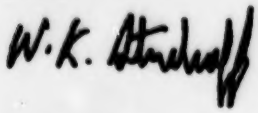
To the Members of the Legislative Assembly of Saskatchewan:

I have audited the balance sheet of the Saskatchewan Student Aid Fund as at March 31, 1999 and the statements of revenue, expenditure and accumulated surplus, and changes in financial position for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 4, 1999



W. K. Strelioff, C.A.
Provincial Auditor

Saskatchewan Student Aid Fund

Statement 1

Balance Sheet

As at March 31

	1999	1998
ASSETS		
Assets:		
Due from General Revenue Fund (Note 6)	$ 57,570,441	$ 47,617,370
Accrued Interest	673,178	451,539
Other Receivables	42,142	218,893
Student Loans Receivable (Note 7)	7,643,393	35,071,673
Total Assets	$ 65,929,154	$ 83,359,475
LIABILITIES, FUND BALANCES AND ACCUMULATED SURPLUS		
Liabilities:		
General Revenue Fund Loan (Note 9)	$ 0	$ 24,182,553
Due to Royal Bank of Canada (Note 8)	41,100,604	34,743,868
Other Accounts Payable	895,295	1,444,444
Total Liabilities	41,995,899	60,370,865
Scholarship Funds	36,300	36,300
Accumulated Surplus (Statement 2)	23,896,955	22,952,310
	$ 65,929,154	$ 83,359,475

(See accompanying notes to the financial statements)

Saskatchewan Student Aid Fund

Statement 2

Statement of Revenue, Expenditure and Accumulated Surplus

For the Year Ended March 31

	Budget	1999	1998
Revenue:			
Appropriation from the General Revenue Fund	$31,515,000	$30,995,000	$28,415,000
Interest Payments from the General Revenue Fund	1,995,000	2,903,110	1,557,989
Interest on Student Loans	2,534,000	2,426,191	5,502,230
Recovery of Bad Debt Allowances	1,071,857	875,865	5,201,233
Other Income	150,000	125,195	147,573
	37,265,857	37,325,361	40,824,025
Expenditure:			
Interest on General Revenue Fund Loan (Note 9)	1,318,500	958,755	2,931,267
Loan Forgiveness Grant	3,570,000	3,120,652	13,774,070
Saskatchewan Student Bursaries	11,104,768	12,824,431	0
Canada Study Grants	1,707,597	2,412,821	0
Saskatchewan Study Grants	2,187,635	3,509,947	0
Special Incentive Loan Remissions	2,000,000	2,558,012	1,954,460
Interest on Loans	6,370,000	5,530,868	6,432,585
Risk Premium	2,947,500	2,710,633	2,202,307
Loan Guarantee	500,000	80,599	519,172
Interest Relief Grants	1,200,000	1,099,073	1,031,951
Interest Write-Down Grants (Recovery)	0	0	(111,089)
Collection Costs	600,000	427,124	563,518
Special Opportunity Grants	950,000	757,601	652,491
Bursaries and Scholarships	421,000	390,200	416,174
	34,877,000	36,380,716	30,366,906
Excess Revenue Over Expenditure for the Year	2,388,857	944,645	10,457,119
Accumulated Surplus, Beginning of Year	22,952,310	22,952,310	12,495,191
Accumulated Surplus, End of Year to Statement 1	$25,341,167	$23,896,955	$22,952,310

(See accompanying notes to the financial statements)

Saskatchewan Student Aid Fund

Statement 3

Statement of Changes in Financial Position

For the Year Ended March 31

	1999	1998
Cash Provided by (used in) Operating Activities:		
Excess of Revenue Over Expenditure	$ 944,645	$10,457,119
Change in Non-Cash Working Capital Items:		
Decrease (increase) in Accrued Interest	(221,639)	(103,676)
Increase in Appropriation Due from General Revenue Fund	0	2,642,000
Decrease in Other Receivables	176,751	(1,194)
Decrease in Student Loans Receivable	27,428,280	17,033,411
Increase in Due to Royal Bank of Canada	6,356,736	5,783,080
(Decrease) increase in Other Accounts Payable	(549,149)	843,139
Cash Provided by Operating Activities	34,135,624	36,653,879
Cash Provided by (used in) Financing Activities:		
General Revenue Fund Loan Repayments	(24,182,553)	(28,530,000)
Net Increase in Due from General Revenue Fund	9,953,071	8,123,879
Due from General Revenue Fund, Beginning of Year	47,617,370	39,493,491
Due from General Revenue Fund, End of Year	$ 57,570,441	$47,617,370

(See accompanying notes to the financial statements)

Saskatchewan Student Aid Fund
Notes to the Financial Statements
March 31, 1999

1. Authority

The Saskatchewan Student Aid Fund (the Fund) continued under *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to operate the Saskatchewan Student Assistance Program. The Department of Post-Secondary Education and Skills Training (the Department) administers the Fund and the Saskatchewan Student Assistance Program.

2. Description of the Program

Under the terms of the Saskatchewan Student Assistance Program, student loans are provided to qualifying individuals at interest rates prescribed by the Minister of Post-Secondary Education and Skills Training and are interest free until repayment is required.

Loans become repayable and interest begins after a six-month period following discontinuance of studies or graduation. Special incentive loans are available to qualifying high need disadvantaged students.

Three new student debt reduction benefits were introduced for the 1998-99 loan year and will be funded through the Fund. The Saskatchewan Student Bursary which replaces the former Forgivable Loan Plan will provide a bursary to all students with a need over $180 per week up to $275 per week. The Canada Study Grants and Saskatchewan Study Grants will provide grants to students with dependants to cover their need between $275 per week and $400 per week.

Special incentive loan remissions, Saskatchewan Student Bursaries and/or Canada/Saskatchewan Study Grants are granted to all borrowers who meet the requirements specified by the Saskatchewan Student Assistance Program Administrative Guidelines. If the value of grants exceeds the students' loan balances, the excess is applied to their Canada Student Loans or paid to the qualifying borrowers.

A Risk Sharing Student Loans Agreement (the Agreement) between the Department and the Royal Bank of Canada was signed March 12, 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Department retains responsibility for loan approval. Saskatchewan Student Loans approved in this period are financed by the Royal Bank. Students still at school, with existing loans, had their loan balances transferred to the Royal Bank when the Department approved their new loans. Loan disbursement, management and collection are done by the Royal Bank as detailed in the Agreement. The Fund pays a risk premium of 5% to the Royal Bank when loans become repayable.

The Department negotiated another agreement with the Royal Bank to transfer substantially all of the loans presently held by the Fund. This agreement came into effect on October 1, 1997 and will remain in force until December 31, 1999. Borrowers who are not in default, have more than seven monthly payments still owing and are not on interest relief are eligible to be transferred. The Fund pays a risk premium of 5% to the Royal Bank when the balance of the loan is transferred. When a loan is transferred, any bad debt allowance relating to that loan will be recovered. Borrowers will retain the rights associated with their loans (i.e., interest rate, repayment term and interest relief eligibility will be transferred with the loan).

Debt reduction benefits associated with the interest-free period on lender-financed loans are paid by the Fund to the Royal Bank to be applied against student loan balances.

3. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Student Loans Receivable

Student loans are carried at amounts advanced plus accrued interest. Interest commences six months following discontinuance of studies or graduation. Simple interest is charged on loans following the interest-free period. Payments on loans are first applied to interest, then to outstanding principal.

Loans are reduced by approved special incentive loan remissions, loan forgiveness grants, Saskatchewan Student Bursaries and Canada/Saskatchewan Study Grants.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

(i) estimated uncollectible loans due to default on repayment, based on past collection experience, and
(ii) estimated benefits to borrowers for interest relief.

4. Loans Held by Student Aid Fund

Loans held by the Fund consist of amounts owing by borrowers for loans granted in previous periods.

The Fund is exposed to credit-related losses in the event that borrowers default on repayment of the student loans. Credit risk represents the maximum amount at risk if the borrowers defaulted on their repayments. The Fund's credit risk on student loans receivable is represented by Gross Student Loans Receivable, end of year in Note 7.

The recorded allowance for uncollectible loans is $13,593,680 (1998 — $20,359,652). This allowance could reasonably be expected to fluctuate between $12,720,696 and $14,467,365 within the next twelve months (1998 — $18,615,649 to $22,870,146).

The Fund is also exposed to interest rate risk. Loans receivable have effective interest rates of 5.00% to 12.00% (1998 — 5.00% to 12.00%). Under the Student Assistance and Student Aid Fund Regulations, 1990, the Minister charges interest rates as set pursuant to the *Canada Student Loans Act*. Under this Act, each year in August, the Federal government sets the interest rates to be charged for students graduating during the next 12 months. This rate is based on average open market yield for the previous 6 months on mid-term (5-10 years) Government of Canada bonds plus 1%. At March 31, 1999, the rate was 6.375%. These loans were financed by the General Revenue Fund as described in Note 9. The loan balances and related interest rates are listed in the following schedule:

Interest Rate	1999 Total Balance	1998 Total Balance
Less than 8.0%	$ 573,286	$ 812,142
8.0% — 8.9%	9,248,201	22,980,444
9.0% — 9.9%	10,088,863	28,715,451
10.0% — 10.9%	1,032,874	2,714,475
11.0% or greater	653,190	1,382,804
Gross student loans receivable, end of year (Note 7)	$ 21,596,414	$ 56,605,316

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, forgiveness and remission grants, economic conditions, and the necessity to rely on the actions of a large number of individuals.

5. Interest Relief Grants

Interest relief grants are provided to borrowers in repayment who are unable to meet their repayment obligations due to financial hardship. Applicants are eligible for these grants for a maximum of 18 months.

6. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

7. Student Loans Receivable

		1999	1998
Loans outstanding, beginning of year		$ 56,605,316	$ 81,938,680
Add:	New loans during the year	0	173,336
	Interest earned on student loans	2,421,979	5,506,042
	Bad debts recovered	780,986	793,374
Deduct:	Loan repayments received	(8,034,083)	(19,451,498)
	Book value of loans transferred to the Royal Bank	(22,593,329)	(9,170,168)
	Amounts authorized to reduce loans:		
	Loan forgiveness grants	(656,388)	(1,226,534)
	Special incentive loan remissions	(112,432)	(256,470)
	Saskatchewan Student Bursaries	(8,638)	0
	Canada/Saskatchewan Study Grants	(2,700)	0
	Interest relief granted	(133,723)	(485,544)
	Interest write-down grants	518	44,903
	Loans written off	(6,671,092)	(1,260,805)
Gross student loans receivable, end of year		$ 21,596,414	$ 56,605,316
Deduct:	Allowance for interest relief	(359,341)	(1,173,991)
	Allowances estimated on prior year's experience:		
	Allowance for uncollectible loans before recovery	(14,469,545)	(25,560,885)
	Less recovery of bad debt allowance	875,865	5,201,233
Student loans receivable, end of year		$ 7,643,393	$ 35,071,673

8. Due to Royal Bank of Canada

The Fund estimates amounts due to the Royal Bank. This estimate includes the following:

a) Interest Accrual

Interest accruing on student loans is not paid by the borrower as long as they are in school or grace. The Fund pays this interest to the Royal Bank. The interest accrual is an estimate, based on the projected loan receivable balance and the projected market rate of interest. The estimated projected market rate of interest is 6.35% (1998 — 6.7%) and the estimated period students are in school or grace is two years. However, it is reasonable to expect the interest rate to fluctuate between 6.1% and 6.6% over the next 12 months (1998 — 6.5% to 6.9%).

b) Special Incentive Loan Remission and Loan Forgiveness Grant Accrual

The Fund will pay the Royal Bank expected future special incentive loan remission grants and any outstanding loan forgiveness grants.

c) Risk Premium Accrual

A risk premium is paid to the bank at the time the loan becomes repayable. The risk premium is equal to 5% of the total outstanding loan at the time the loan becomes repayable. The accrual is an estimate of future risk premiums for loans held by the Royal Bank. This estimate is calculated after considering possible future forgiveness and special incentive loan remission grants. This amount is not expected to fluctuate significantly within the next 12 months.

d) Loan Guarantee Accrual

The Fund guarantees loans in certain circumstances in the event of death or bankruptcy of the borrower. The amount paid to the bank is equal to the loan balance outstanding on the date of death or bankruptcy. This amount is not expected to fluctuate significantly within the next 12 months.

e) Interest Relief Accrual

Interest relief is paid to the bank at the prevailing market rate of interest in effect at the time the borrower applies for relief. It is estimated that the interest relief accrual will be paid to the bank on behalf of applicants over a nine-year period. The amount is not expected to fluctuate significantly within the next 12 months.

In addition, Due to Royal Bank of Canada includes Saskatchewan Student Bursaries, Canada Study Grants and Saskatchewan Study Grants.

These accruals could reasonably be expected to fluctuate within the next 12 months as follows:

	1999		1998
	Actual	Range of Accruals	Actual
Interest accrual	$10,309,338	$8,815,000 to $11,907,000	$10,515,555
Loan forgiveness grant accrual	3,600,385	3,043,000 to 6,237,000	15,992,628
Special incentive loan remission accrual	2,490,840	2,043,000 to 2,597,000	2,279,992
Risk premium accrual	3,069,265	n/a	3,211,611
Loan guarantee accrual	365,000	n/a	360,000
Interest relief accrual	3,613,118	n/a	2,384,082
	$23,447,946		$ 34,743,868
Saskatchewan Student Bursaries	$12,164,400		$ 0
Canada Study Grants	2,231,245		0
Saskatchewan Study Grants	3,257,013		0
Due to Royal Bank of Canada	**$ 41,100,604**		**$ 34,743,868**

9. General Revenue Fund Loan

Loans are obtained from the General Revenue Fund to finance loans to students. Interest accrues quarterly and is based on the General Revenue Fund's cost of borrowing. The interest rate for the first quarter was 5.60%, 6.10% for the second quarter and 5.30% for the third quarter. This loan was repaid in full on December 10,1998. The interest rate for the full year in 1998 averaged 6.29%.

10. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Department of Post-Secondary Education and Skills Training — General Revenue Fund. Accordingly, no provision for these costs is reflected in these financial statements. Costs for loans sent to collection agencies are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.